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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER BUCKEYE,
INC. FOR AN EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

) DOCKET NO. W-02451A-06-0792

) **RESPONSE TO STAFF REPORT**

Water Utility of Greater Buckeye (WUGB), respectfully submits this response to the Staff Report in this docket. WUGB agrees with much of the Staff Report. However, WUGB requests that several conditions be modified. In addition, WUGB will clarify two statements in the Staff Report.

I. Staff Condition No. 2.

This condition concerns the Maricopa County franchise. WUGB requests that the deadline for this condition be two years from the effective date of the Commission's decision.

II. Staff Condition No. 3.

This condition requires a Certificate of Assured Water Supply (CAWS). The Montana Vista subdivision has already received its CAWS. A copy of the CAWS is attached as Exhibit 1. Accordingly, this condition is not needed and should be deleted.

III. Staff Condition No. 4.

Staff's fourth proposed condition relates to submitting Approvals to Construct ("ATC") for "facilities needed to serve the requested areas." WUGB requests that this condition be clarified. If Staff is referring to the on-site water distribution system, WUGB suggests that the condition be modified to read "... a copy of the MCESD ATC for the on-site water distribution system to serve the extension area granted herein within two years of the effective date of the decision in this

case.”

IV. Staff Condition No. 5.

WUGB recommends that this condition be changed to require WUGB to file with Docket Control prior to serving any customers in the requested extension area, as a compliance item, copies of the AOC issued by MCESD for the addition of storage, well or wells, with a minimum capacity sufficient to allow for the system to meet the requirements of AAC R18-5-503.

V. Staff Proposed Condition No. 6 and 7.

WUGB is now ultimately owned by Global Water Resources, LLC (“Global Parent”). Before this purchase, WUGB’s system suffered from numerous operational and engineering deficiencies. After the purchase, Global Parent has invested substantial time, effort and money into upgrading these systems. These efforts have already borne fruit. However, there is still work to do. One example is WUGB’s “Sweetwater II” system. The well for this system has nitrate issues. As in interim measure, WUGB established a temporary interconnection with the City of Goodyear’s system. WUGB is working with Goodyear to establish a permanent interconnection with Goodyear’s system. As part of this interconnection, WUGB will blend the Goodyear water with the water from the Sweetwater II well, which will eliminate the nitrate problem.

Staff proposed two conditions regarding Sweetwater II. Condition 6 requires WUGB to obtain an “Approval of Construction” or “AOC” for a storage tank of at least 16,000 gallons, and Condition 7 requires WUGB to obtain an AOC for the interconnection with Goodyear. Both of these requirements are due with six months of the Commission’s decision. The Global Utilities agree with these conditions, but they request 12 months to comply with Conditions 6 and 7.

The permanent interconnect with Goodyear is designed to provide up to 60 gallons per minute (“GPM”). Thus, the total production capacity of the Sweetwater II system is 100 GPM (60 GPM from Goodyear plus 40 GPM from the well). This is more than sufficient capacity to serve 93 customers. However, because the well water must be blended before it can be used, this is equivalent to having a single 100 GPM source. Accordingly, Staff is correct to recommend that storage be added to the system, in case the Goodyear interconnection is temporarily out of service.

1 Based on prior experience with timeframes for design, construction, and obtaining regulatory
2 approvals from other agencies, the Global Utilities believe that a 12 month deadline would be
3 more appropriate for Conditions 6 and 7.

4 **VI. Staff Proposed Condition No. 10.**

5 This condition concerns the condemnation lawsuit filed by the Town of Buckeye ("Town")
6 against WUGB. (Maricopa County Superior Court, Case No. CV2006-010954). Staff
7 recommends that Valencia file a quarterly status report regarding this litigation, which "shall
8 remain in place until further Order of the Commission." This condition is not necessary because
9 the condemnation lawsuit will be dismissed. The Judge has already issued a minute entry ruling
10 that Town did not comply with the State's open meeting law when authorizing the lawsuit. This
11 means that the lawsuit must be dismissed. The only remaining issue to be resolved involves
12 attorney's fees. A settlement of that issue is pending, after which the court will enter a final
13 judgment dismissing the case. Because the court has already ruled against the Town, this
14 condition is not needed. But if it is adopted, then the Commission should add "or until the Court
15 enters a Final Judgment resolving the case" to the end of the condition.

16 **VII. Clarifications.**

17 The Staff Report states that the interconnection of the Sweetwater II system with the City
18 of Goodyear was due to a "production deficiency".¹ However, this interconnection was actually
19 prompted by nitrate issues with the Sweetwater II well.

20 The Staff Report states that the "Sweetwater II system's arsenic and nitrate concentrations
21 exceed 10 ppb." This is incorrect. Water from the Sweetwater II well has an arsenic
22 concentration of 4.1 ppb. However, nitrate levels (NO3) from that well exceed 10 ppm (not ppb).

24 **VIII. Conclusion.**

25 WUGB requests that the Commission adopt the modified conditions described above.
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¹ Staff Report at 3.

1 RESPECTFULLY SUBMITTED this 9th day of October, 2007.

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3 ROSHKA, DEWULF & PATTEN, PLC

4
5 By 

6 Michael W. Patten

7 Timothy J. Sabo

8 400 East Van Buren Street, Suite 800

9 Phoenix, Arizona 85004

10 Attorneys for WUGB

11 Original and 13 copies of the foregoing
12 filed this 9th day of October 2007 with:

13 Docket Control

14 Arizona Corporation Commission

15 1200 West Washington Street

16 Phoenix, Arizona 85007

17 Copy of the foregoing hand-delivered/mailed
18 this 9th day of October, 2007 to:

19 Lyn A. Farmer, Esq.

20 Chief Administrative Law Judge

21 Hearing Division

22 Arizona Corporation Commission

23 1200 West Washington Street

24 Phoenix, Arizona 85007

25 Christopher C. Kempley, Esq.

26 Chief Counsel, Legal Division

27 Arizona Corporation Commission

1200 West Washington Street

Phoenix, Arizona 85007

Ernest G. Johnson, Esq.

Director, Utilities Division

Arizona Corporation Commission

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

ROSKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1200 West Washington Street
Phoenix, Arizona 85007

By Debbi Amund

**STATE OF ARIZONA
DEPARTMENT OF WATER RESOURCES
CERTIFICATE OF ASSURED WATER SUPPLY**

This is to certify that

Leporidae Investments, LLC, an Arizona Limited Liability Company as Owner with Lee Mountain Ranches, LLC, an Arizona Limited Liability Company, Talas Construction Corporation, an Arizona Corporation and Talas Homes, Inc., an Arizona Corporation as Optionees

Have met the requirements of A.R.S. §§ 45-576 and the applicable regulations, and

By powers vested in the Director of the Arizona Department of Water Resources by the State of Arizona, and subject to the conditions contained in the applicable regulations,

Are issued this Certificate of Assured Water Supply for

**Montana Vista
Section 1, Township 1 North, Range 5 West
GSRB&M Maricopa County, Phoenix Active Management Area**

Sufficient water of adequate quality will be continuously available to satisfy the water demand of the referenced subdivision for at least one hundred years. The referenced subdivision consists of **52 lots** as described in the preliminary plat on file with the Department, and has an estimated water demand of **89.08 acre-feet per year**. The subdivision will be served groundwater by **Water Utility of Greater Buckeye**.

This Certificate is invalid as to any entity not named above.
This Certificate may be assigned pursuant to A.A.C. R12-15-705

Certificate Number: 27-402087.0000



ARIZONA DEPARTMENT OF WATER RESOURCES

Sandra Salazar Whitney
Assistant Director

10/2/06
Date